

BEFORE THE
BOARD OF OIL, GAS & MINING
DEPARTMENT OF NATURAL RESOURCES
STATE OF UTAH

IN THE MATTER OF THE FORM
AND AMOUNT OF THE SURETY
FOR THE TONY M/LUCKY STRIKE
MINE IN GARFIELD COUNTY,
UTAH OPERATED BY PLATEAU
RESOURCES CORPORATION

FINDINGS OF FACT,
CONCLUSIONS OF LAW
AND ORDER APPROVING
FORM AND AMOUNT OF
THE SURETY

Cause No. M/017/001

(Matter Heard by the Board
12/11/96 as Agenda Item No. 2)

Pursuant to notice, the above matter came on for hearing before the Board of Oil, Gas & Mining (the "Board") at its regularly scheduled hearing held in Salt Lake City, Utah on December 11, 1996. Members of the Board present at the hearing included Chairperson Dave Lauriski and members Jay L. Christensen, Elise L. Erler, Thomas B. Faddies, Judy F. Lever, Raymond Murray and Kent G. Stringham. Plateau Resources Limited (the "Operator") did not have a representative at the hearing. Assistant Attorney General Patrick J. O'Hara acted as counsel to the Board.

Having duly considered the form and amount of the proposed surety, and all of the information provided to the Board at the hearing, the Board rules as

follows:

FINDINGS OF FACT

1. The Division of Oil, Gas and Mining (the "Division"), by and through minerals staff members Mary Ann Wright, D. Wayne Hedberg and Anthony A. Gallegos, recommended that the Board approve a reclamation surety for the Operator's mine in the form of a certificate of deposit issued by First Interstate Bank of Commerce, 222 South Gillette Avenue, Gillette, WY 82717, for the reasons set forth in detail in that certain letter dated November 19, 1996 to the Board from the Division, and in the corrected attachments thereto distributed at the hearing, which documents are attached hereto collectively as Exhibit A (the "Recommendation").

2. As set forth in the Recommendation, in consultation with the Operator, the Division had, prior to the hearing, determined that the cost to reclaim the Mine will be \$141,800, escalated to 2001 dollars, based on site-specific calculations reflecting the Division's cost to reclaim the Mine.

2. All of the facts sets forth in the Recommendation are hereby incorporated by reference and are hereby expressly adopted by the Board as the Board's own factual findings.

3. The Board finds that First Interstate Bank of Commerce, 222 South Gillette Avenue, Gillette, WY 82717 is a federally-insured financial

institution.

4. The new surety described herein will replace the surety previously posted by the prior Operator of the Tony M/Lucky Strike Mine, Nuclear Fuels Services.

CONCLUSIONS OF LAW

1. The Board has the authority under Utah Code Ann. Sec. 40-8-7(e) (1953, as amended) and Utah Administrative Code R647-4-113.4 to determine the form and amount of the reclamation surety for the above-captioned mining operation.

2. The Board has the power, under Utah Administrative Code R647-4-113.4.12, to accept as a reclamation surety a certificate of deposit from a federally-insured bank payable to the Division.

3. A certificate of deposit issued by First Interstate Bank of Commerce, 222 South Gillette Avenue, Gillette, WY 82717, payable to the Division and the U.S. Department of the Interior, Bureau of Land Management ("BLM") in the exact amount of \$141,800, is a form and amount of reclamation surety acceptable to the Board in this matter.


ORDER

Based on the foregoing Findings of Fact and Conclusions of Law, IT IS
HEREBY ORDERED:

The Division is hereby authorized to accept from the Operator as a
suitable reclamation surety the tendered certificate of deposit issued by First
Interstate Bank of Commerce, 222 South Gillette Avenue, Gillette, WY 82717,
payable to the Division and the BLM, in the exact amount of \$141,800. The new
surety described herein will replace the surety previously posted by the prior
Operator of the Tony M/Lucky Strike Mine, Nuclear Fuels Services.

ISSUED this 13 day of December, 1996.

BOARD OF OIL, GAS & MINING

By 
Dave Lauriski
Its Chairperson

CERTIFICATE OF SERVICE

I hereby certify that, on the 13 day of December, 1996, I mailed, postage prepaid, a true and correct copy of the foregoing FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER APPROVING FORM AND AMOUNT OF THE SURETY to the following:

Mr. A.E. Dearth
President
Plateau Resources Limited
877 North 8th West
Riverton, WY 82501

I further certify that I caused copies of same to be hand-delivered on said date to:

Mr. James W. Carter
Director
Division of Oil, Gas & Mining
Department of Natural Resources, State of Utah
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, UT 84114-5801

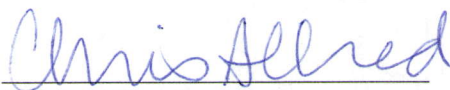
Mr. D. Wayne Hedberg
Permit Supervisor
Division of Oil, Gas & Mining
Department of Natural Resources, State of Utah
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Senior Reclamation Specialist
Division of Oil, Gas & Mining
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Ms. Mary Ann Wright
Associate Director--Mining
Division of Oil, Gas & Mining
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Salt Lake City, UT 84114-5801

Patrick J. O'Hara, Esq.
Assistant Attorney General
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1594 West North Temple, Suite 300
Box 140855
Salt Lake City, UT 84114-0855


Chris Allred
Secretary to the Board



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
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355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

November 19, 1996

TO: Board of Oil, Gas and Mining

THRU: Mary Ann Wright, Associate Director *MAW*

THRU: D. Wayne Hedberg, Permit Supervisor *DWH*

FROM: Anthony A. Gallegos, Senior Reclamation Specialist *aaG*

RE: Request for Board Approval, Amount and Form of Replacement Reclamation Surety, Plateau Resources, Ltd., Tony M/Lucky Strike Mine, M/017/001, Garfield County, Utah

The Division seeks the Boards approval of the amount and form of replacement reclamation surety provided by Plateau Resources, Ltd. for the Tony M/Lucky Strike Mine, located in Garfield, County, Utah. The form of surety is a Certificate of Deposit, from Riverton State Bank in the amount of \$141,800. The Certificate is made payable to both the Division of Oil, Gas and Mining and the Bureau of Land Management.

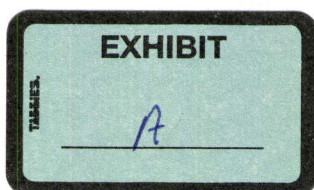
This surety will replace the existing \$148,000 surety originally posted by Nuclear Fuels Services. A transfer form has been included with the replacement surety to transfer the site from Nuclear Fuels Services to Plateau Resources, Ltd. Plateau Resources, Ltd. performed reclamation at the site during 1995 which has reduced the amount of required surety. Acceptance of this replacement surety by the Board will allow the Division to formally acknowledge the transfer of this operation.

Attached for your review are copies of the following documents:

1. Summary checklist
2. Executive summary
3. Location map
4. Reclamation surety estimate
5. Reclamation Contract (Form MR-RC)
6. Surety (Joint Agency Certificate of Deposit)

Thank you for your time and consideration of this request.

jb
Attachments
M017001.brd



DOGM MINERALS PROGRAM

Checklist for Board Approval
of
FORM AND AMOUNT OF SURETY

Prepared November 22, 1996

Company Name: Plateau Resources Limited
 Mine Name: Tony M - Lucky Strike
 File No.: M/017/001

Items	Provided		Remarks
	Yes	No	
Executive Summary	X		
Location Map	X		
Reclamation Bond Estimate	X		
Signed Reclamation Contract	X		Draft - Signed copy available by date of Hearing
Signed Power of Attorney/ Affidavit of Qualification		X	N/A
Bond/Reclamation Surety	X		Draft - Original copy available by date of Hearing
Surety Sign Off (Other State/Federal Agencies)		X	Joint Agency CD
RDCC contacted		X	Not Required

EXECUTIVE SUMMARY

Prepared November 18, 1996

Mine Name: Tony M/Lucky Strike
Operator: Plateau Resources, Ltd.
877 North 8th West
Riverton, Wyoming 82501
Telephone: (307) 856-9271
Contact Person: Al Dearth

I.D. No.: M/017/001
County: Garfield
New/Existing: Existing
Mineral Ownership: Fee/BLM/State
Surface Ownership: Fee/BLM/State
Lease No.(s): ML31862
Permit Term: Life of Mine

Life of Mine: Projected to be 10-15 years

Legal Description: NW1/4 NW1/4, NW1/4 SW1/4, SE1/4 SW1/4, SW1/4 SE1/4, Section 16 and NE1/4 NW1/4, NW1/4 NE1/4, NE1/4 NE1/4, SW1/4 NE1/4, Section 21, Township 35 South, Range 11 East, SLBM Garfield County, Utah

Mineral(s) to be Mined: Uranium

Acres to be Disturbed: 33.4

Present Land Use: Grazing, mining and exploration

Postmining Land Use: Grazing

Variances from Reclamation Standards (Rule R647) Granted: The Division released the operator from reclamation responsibility for the slopes of the Lucky Strike Mine waste dump on the basis of prelaw disturbances.

Soils and Geology

Soil Description: Soils are generally low in organic matter and range in texture from sand to loamy-fine sand. The soil has a poorly differentiated profile and low natural fertility.

pH: unknown

Special Handling Problems: Ore stockpiles which have remained undisturbed for over 5 years have little vegetation growth from natural invasion. This indicates these materials are sterile and inhospitable to vegetation. Details of final reclamation revegetation treatments were to be based upon results from the vegetation test plots.

Geology Description: The mining site is located within the Henry Mountains Basin and is characterized by buttes, mesas and canyons. The buttes and mesas in this area are capped by the Salt Wash Member of the Morrison Formation. The drifts are driven in the lowest sandstone unit of the Salt Wash Member of the Morrison Formation. This sandstone unit contains the uranium deposits which are mined in the area. The site elevations are approximately 4,600 to 5,000 feet amsl.

Hydrology

Ground Water Description: Ground water at the site is important for its potential use as a water supply.

The Entrada and Navajo sandstones contain the primary aquifers in the area and several springs exist in the vicinity. The area of mining is dry, however, and it is not expected that ground water will be encountered.

Surface Water Description: Surface waters in the vicinity of the sites consist of Shootering and Hansen Creeks which flow into Lake Powell. These streams have been categorized as Class C waters which means that without treatment these waters are suitable for irrigation, stock watering, recreation and the propagation and perpetuation of fish and wildlife. Baseline water quality sampling has been done by the U.S. Nuclear Regulatory Commission for the Environmental Statement related to the proposed uranium processing facility at the site. It is presumed that surface drainage at the site will not be affected. Water pumped from the mine workings is sent to an impoundment for evaporation.

Water Monitoring Plan: Unknown. Monitoring or testing of water and sediments in the evaporation pond may be required by DWO.

Ecology

Vegetation Type(s); Dominant Species: The vegetation in the project area is of the desert shrub community and is dominated by a Blackbrush-Ephedra association. Salt desert shrub, pinyon-juniper and sagebrush communities are also present within the project area. Wildlife diversity of the area is very low. The site is of little importance to deer. No endangered species have been identified in the area.

Percent Surrounding Vegetative Cover: 15% - 25%

Wildlife Concerns: None

Surface Facilities: The mine facilities consist of: a mine office building, a mine office & dry building, a generator & compressor building, a backup generator shack, concrete ore storage bins, fuel & lubricant storage tanks, a water tank, a potable water well, 2 powder magazines, security fencing, a pipeline, head tank & pressure line. In addition to these structures there are 11 ore stockpiles of varying size which have been sorted on the basis of different mining claims and five waste dump areas. There are four ventilation boreholes of varying size located away from the main mine complex. There are three main portals at the Tony M Mine area and approximately 6 portals associated with the Lucky Strike Mine area. One surface impoundment to evaporate water generated from mine dewatering.

Mining and Reclamation Plan Summary:

During Operations: Mine development entry will commence from the cliff wall adjacent to previous mine openings. Ore is mined using a modified room and pillar technique designed to follow the irregular configuration of the ore body. Conventional drilling and blasting with ANFO will be used. Mining and maintenance methods will be carried out in a safe and orderly manner. Mine waste will be placed at the angle of repose. Waste rock will be used to maintain a low, wide area for surface operation use. Access roads in present use will be used for the mining project. The roads will have approximately 11% grades. Site preparation will be completed by grading existing waste rock for level entry. No removal of trees or brush is necessary. Any upper horizon material encountered will be stockpiled in an independent area for final reclamation. Plant species for revegetation will be determined from test plot data.

After Operations: Portal and ventilation shafts will be sealed to prevent unauthorized or accidental entry. Waste rock dumps will be contoured to a naturally draining configuration. Extraneous debris, unusable buildings, and scrap metal and wood will be removed from the location or buried. Tony M Mine portals will be sealed by installation of a bulkhead and 25 feet of backfill out to the surface. Lucky Strike Mine portals will be backfilled. Compacted areas such as pads and roads will be ripped with a dozer prior to revegetation treatments. All ore stockpiles remaining will be regraded to slopes of 3H:1V or less. All ventilation boreholes will be capped and the areas revegetated. The dam for mine water evaporation will be breached to be non-impounding. Two surveys for bat use (spring & winter) of the portals on BLM lands may be required prior to closure of these portals. All disturbed surfaces will be regraded, stockpiled soil added, and the areas seeded. Maintenance procedures for revegetation will be accomplished as necessary. The site will be checked at least biannually by mine personnel who will immediately augment any necessary steps in revegetation or erosion control. Critical sites and those not responding as projected will be checked more often. The impoundment dam, clay borrow area and rip rap borrow area in section 17 were revegetated during 1981-82(?).

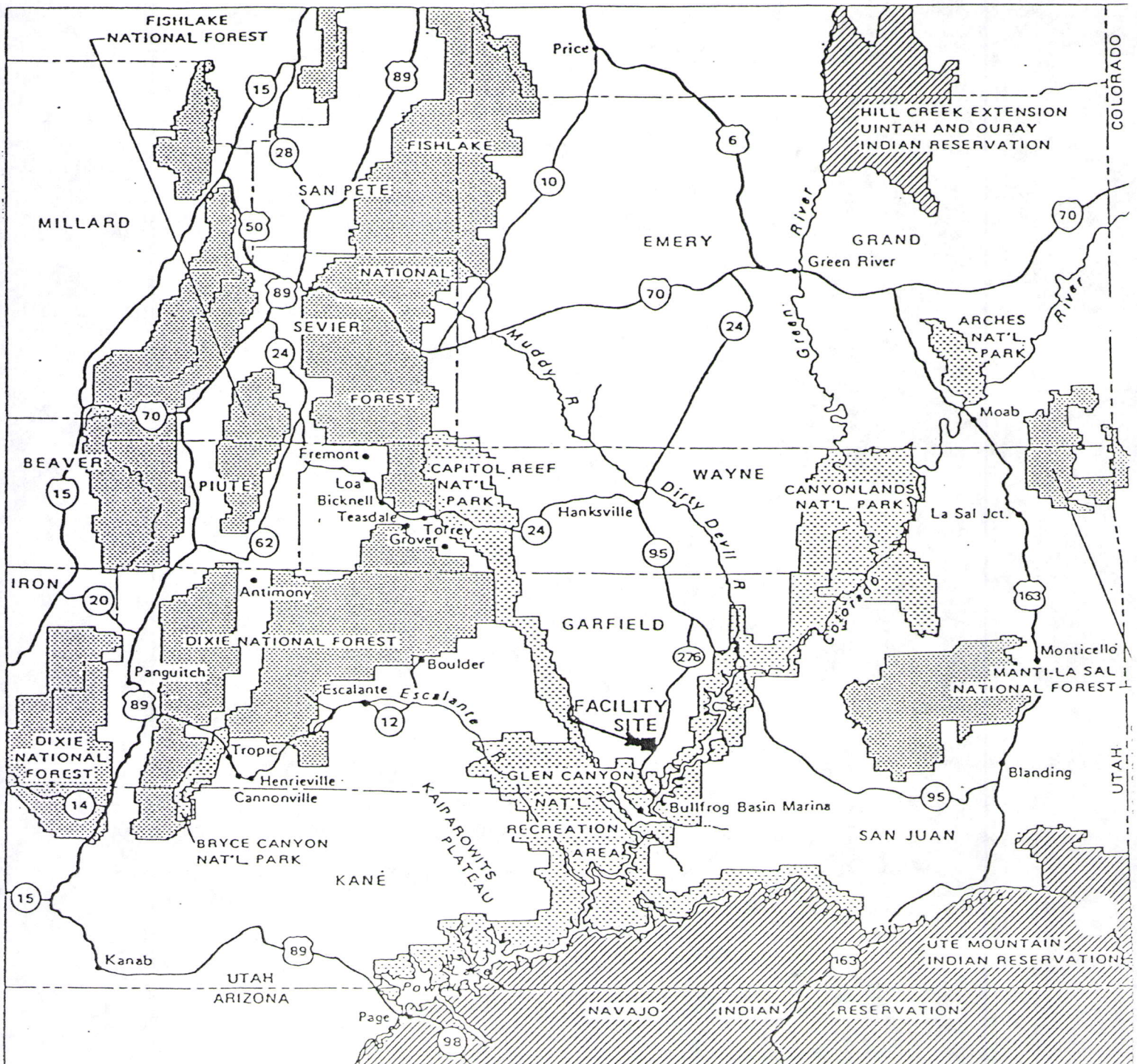
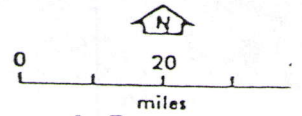
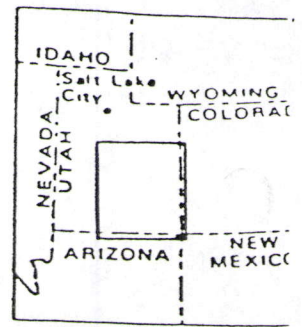
Surety

Amount: \$141,800

Form: Certificate of Deposit

Renewable Term: 5 years

M/017/001
TONY M - LUCKY STRIKE MINES



Frank M Mine

Tony M and
Lucky Strike Mines

Shootaring Mill Site

Plateau Resources

Frank M Mine M/017/017

Tony M / Lucky Strike Mines M/017/001

Garfield County, Utah

RECLAMATION ESTIMATE

Nuclear Fuel Services/Plateau Resources Limited

last revision

04/01/96

Tony M & Lucky Strike Mines

filename M17-01RL.WB2

page "ESTIMATE"

M/017/001

Garfield County

Prepared by Utah State Division of Oil, Gas & Mining

Details of Final Reclamation - Tony M Mine Site

- This estimate reduces the total surety amount for those items reclaimed during 1995
- The main Tony M portals will be closed with a block closure & backfill
- This estimate includes specific estimates for boreholes 2,3,4,5 which were actually created
- Reclamation of the ore stockpiles was not included in the 1989 estimate
- Demolition of a large number of structures was not included in the 1989 estimate
- Portions of the Tony M north site (borrow area) have been reclaimed & released by BLM
- Breaching the dam to be non-impounding was not included in the 1989 estimate
- Estimated total disturbed area for the Tony M Mine site = 31.9

Activity	# Item	Quantity	Units	\$/unit	\$
TONY M MINE (per item)					
Demolish/dispose of structures on site - SEE DEMOLITION SUMMARY					51,595
Regrade ore stockpiles to 3H:1V		6.7 acres		666	4,462
Regrade waste dumps - guesstimate		5.8 acres		826	4,791
Bulkhead installation in main portals	3	96 SF/bulkhe		25	7,200
Backfill main portals 25 ft against bulk	3	200 CY		3	1,800
Borehole caps & revegetation (see separate estimate page "boreholes")					4,443
Grade 1/2 processing area for uniformity		9.5 acres		666	6,327
Rip compacted areas - 1/2 processing area		9.5 acres		406	3,857
Breach dam to be non impounding		1.0 acres		666	666
Remove trash & cleanup		31.9 acres		50	1,596
Seed disturbed areas		31.9 acres		250	7,982
Mulch disturbed areas		31.9 acres		100	3,193
Mobilization		4 equip		1,000	4,000
		Subtotal			101,912
		Add 5% supervision			5,096
		Subtotal			107,008
		Add 10% contingency			10,701
		Subtotal in 1996 - \$			117,708
		Add 5 yr escalation at 2.58%			15,988
		Total 2001-\$			133,697

TONY M MINE SITE

Rounded Total in 2001-\$

\$133,700

Average cost per acre =

\$4,188

RECLAMATION ESTIMATE

Nuclear Fuel Services/Plateau Resources Limited

last revision

04/01/96

Tony M & Lucky Strike Mines

filename M17-01RL.WB2

page "ESTIMATE"

M/017/001

Garfield County

Prepared by Utah State Division of Oil, Gas & Mining

Details of Final Reclamation - Lucky Strike Mine Site

- This estimate is based on the November 10, 1989 DOGM estimate
- This estimate revises the unit costs & details of final reclamation
- The main north & south portals will be backfilled instead of bulkhead+backfill
- The Lucky Strike site is on BLM lands but operations were pre-BLM regulations
- The shallow Lucky Strike mine workings & north & south waste dumps will not be reclaimed

-Estimated total disturbed area for the Lucky Strike Mine site = 1.4 acres

Activity	# items	Quantity (per item)	Units	\$/unit	\$
LUCKY STRIKE MINE					
Backfill main portals 25 ft-N & S	6	175 CY		3	3,150
Grade access roads-north & south	2	0.2 acres		666	266
Grade portal pads-north & south	2	0.5 acres		666	666
Rip compacted areas	2	0.5 acres		471	471
Remove trash & debris	2	0.7 acres		100	140
Seed disturbed areas	2	0.7 acres		250	350
Mulch disturbed areas	2	0.7 acres		100	140
Stabilization		1 equip		1,000	1,000
		Subtotal			6,183
		Add 5% supervision			309
		Subtotal			6,493
		Add 10% contingency			649
		Subtotal in 1996-\$			7,142
		Add 5 yr escalation at 2.58%			970
		Total 2001-\$			8,112
LUCKY STRIKE MINE SITE					Rounded Total in 2001-\$
Average cost per acre =					\$8,100
					\$5,786

TOTAL AMOUNT OF RECLAMATION SURETY FOR M/017/001 (yr 2001-\$) \$141,800

NOTE: page order in this estimate is: estimate, basis, areas, demo, boreholes